



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

JAN 08 2014

CERTIFIED MAIL # 7010 2780 0000 8388 8518
RETURN RECEIPT REQUESTED

Mr. Glenn A. Zane
President
Blue Lake Power, LLC
1615 Continental Street, Suite 100
Redding, California 96001

Dear Mr. Zane:

Blue Lake Power, LLC ("BLP") operates a biomass-fired 10.2 MW net electric generating facility at 200 Taylor Way in Blue Lake, California (the "Facility"). On July 16, 2013, EPA issued a letter to BLP under authority of Section 114 of the Clean Air Act, 42 U.S.C. §§ 7401-7671q (the "Act"). As a follow-up to that letter, and for the purpose of determining whether the BLP Facility is in compliance with its District permits, Prevention of Significant Deterioration of Air Quality ("PSD") requirements, federal New Source Performance Standards ("NSPS") requirements, federal National Emission Standards for Hazardous Air Pollutants ("NESHAP") requirements, and other requirements of the Act, BLP is hereby required, under authority of Section 114 of the Act, to submit the following information and documents to EPA:

1. Provide a copy of BLP's LLC "operating agreement," as defined in section 17701.02(s) of the California Corporations Code as:

the agreement, whether or not referred to as an operating agreement and whether oral, in a record, implied, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in subdivision (a) of Section 17701.10. The term "operating agreement" may include, without more, an agreement of all members to organize a limited liability company pursuant to this title. . . . The term includes the agreement as amended or restated.

Portions of the "operating agreement" that are oral or implied must be provided in written form. This written representation must be a complete representation of those portions.

2. Identify each and every person and entity that operates or performs other work at the Facility who is not an employee of BLP. Describe the nature of their responsibilities and obligations and indicate when those began. Provide a copy of all documents setting forth their responsibilities and obligations, including, but not limited to, contracts and agreements.
3. Provide, in chart form, a list of all private entities which have made loans to BLP for purposes related to the Facility. For each lender, the chart shall include the following information for each loan made by the lender to BLP for purposes related to the Facility:

- a. The date of the loan;
 - b. The amount of the loan;
 - c. The amount of the loan that is backed up by collateral;
 - d. A description of the property used as collateral on the loan;
 - e. The type of loan, i.e. whether the loan is a line of credit or a purchase mortgage;
 - f. The length of repayment on the loan;
 - g. Whether the loan is interest only or principal plus interest;
 - h. The amount of BLP's monthly payments on the loan.
4. For each loan identified in response to Request #3, provide a copy the loan agreement and any addendum to the agreement.
5. For each lender issuing a loan identified in response to Request #3, answer the following questions with a "yes" or "no" answer, and provide the additional requested information:
 - a. Has the lender or any representative(s) or employee(s) of the lender written, negotiated, or signed any contracts or agreements that BLP is party to other than the loan agreement(s) between the lender and BLP? If so, describe such participation and provide a copy of the contract or agreement.
 - b. Has the lender or any representative(s) or employee(s) of the lender participated in or managed daily operations at the Facility in any way? If so, describe such participation.
 - c. Has the lender or any representative(s) or employee(s) of the lender participated in any conference calls with BLP or any of its representative(s) or employee(s) regarding operations at or management of the Facility? If so, describe such participation.
 - d. Has the lender or any representative(s) or employee(s) of the lender participated in any way in hiring any employees at the Facility, including hiring managers or corporate officers? If so, describe such participation and the resulting hiring decisions.
 - e. Has the lender or any representative(s) or employee(s) of the lender participated in making any decisions involving environmental compliance at the Facility? If so, describe such participation.
 - f. Has the lender or any representative(s) or employee(s) of the lender participated in making any decisions regarding BLP's finances or budgeting, other than decisions regarding the loan(s) from the lender to BLP? If so, describe such participation.

BLP shall submit its response to this request postmarked no later than January 31, 2014. BLP must provide copies of all responsive documents as PDF files with Optical Character Recognition (i.e., searchable). BLP must provide all data in an Excel 2007 compatible electronic format that allows for data to be used in calculations. The documents shall be chronologically organized by each information request identified above and be BATES stamped. If BLP has no documents responsive to an individual information request, BLP must so state in its written response. BLP's response must be signed by a responsible corporate official of BLP. BLP must submit responsive documents on a disk (2 copies as CD or DVD media) along with a cover letter that includes BLP's written responses to the requests via certified mail with return receipt requested to the following address:

Ms. Kathleen H. Johnson
Director, Enforcement Division (ENF-1)
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105
Attn: Mark Sims (ENF-2-1)

Please be advised that under Section 113(a) of the Act, failure to provide the information required by this letter may result in an Order requiring compliance, and Order assessing an administrative penalty, or a civil action for appropriate relief. In addition, Section 113(c) of the Act provides for criminal penalties for knowingly making any false statements or omission in any response required under the Act. EPA may also seek criminal penalties from any person who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of EPA or in relation to or contemplation of any such matter or case. See U.S.C. § 1519. The information provided by you may be used by the United States in administrative, civil, or criminal proceedings.

You may, if you desire, assert a business confidentiality claim on behalf of BLP covering part or all of the information provided to EPA in response to this letter. Any such claim for confidentiality must conform to the requirements set forth in 40 C.F.R. § 2.203(b). You are advised that certain information may be made available to the public pursuant to 42 U.S.C. § 7414(c) and 40 C.F.R. § 2.301, notwithstanding a claim that such information is entitled to confidential treatment. If no claim of confidentiality is received with your reply, the information may be made available to the public without notice to BLP.

If BLP seeks to withhold any documents based on a claim of attorney-client communications privilege or the attorney work product doctrine in its response to this information request, provide a privilege log for each document containing the following information:

1. The date, author(s), every individual to whom the document was originally sent, every individual who subsequently acquired the document, the purpose for which the document was sent to or obtained by those individuals, and the employment titles of the authors and recipients;
2. The subject matter of the document;
3. The privilege claimed for the document and all facts supporting the claim of privilege;
4. The primary purpose(s), including any business purposes, for which the document was made;
5. The question(s) in EPA's information request that the document is responsive to; and
6. All facts contained in the document that are responsive to a question in EPA's 114 letter.

This information request is not subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act because it is not an "information collection request" within the meaning of 44 U.S.C. §§ 3502 (3), 3507, 3512, and 3518 (c) (1). See also 5 C.F.R. §§ 1320.3 (c), 1320.4 and 1320.6 (a). Furthermore, it is exempt from OMB review under the Paperwork Reduction Act because it is directed to fewer than ten persons. 44 U.S.C. § 3502(3)(A)(I).

If you have any questions regarding this request, please contact Mark Sims of my staff at (415) 972-3965, or have your attorney contact Ivan Lieben at (415) 972-3914 or Xiao Zhang at (415) 972-3266. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen H. Johnson". The signature is fluid and cursive, with the first name "Kathleen" being more prominent.

Kathleen H. Johnson
Director, Enforcement Division

cc: Mr. Walter Nystrom, BLP
Mr. Richard Martin, NCUAQMD